

**Transmission Workstream Minutes**  
**Thursday 3<sup>rd</sup> August 2006**  
**held at 350 Euston Road, London**

**Attendees**

John Bradley (Chair)	JB	Joint Office
Dennis Rachwal (Secretary)	DR	Joint Office
Alan Raper	AR	National Grid UKD
Andrew Pester	AP	Ofgem
Angela Love	AL	Pöyry Energy
Bali Dohel	BD	Scotia Gas Networks
Beverley Grubb	BG	Scotia Gas Networks
Chris Logue	CL	National Grid NTS
Chris Wright	CW	Centrica
Christiane Sykes	CS	EON UK
Dave Adlam	DA	National Grid NTS
David Cox	DC	Poyry
Dipen Gahdia	DG	Ofgem
Hannah Cook	HC	Ofgem
Jeff Chandler	JeCh	Scottish & Southern Energy
Joy Chadwick	JoCh	Exxonmobil
Julie Cox	JCox	AEP
Liz Spierling	LS	Wales & West Utilities
Mark Freeman	MF	National Grid UKD
Mike Young	MY	Centrica
Nick Wye	NW	Waters Wye Associates
Phil Broom	PB	Gaz de France Energy
Rachel Turner	RT	Centrica
Rekha Patel	RP	ConoccoPhillips
Rob Cameron-Higgs	RCH	Northern Gas Networks
Shelley Rouse	SRou	Statoil
Stefan Leedham	SL	EDF Energy
Steve Rose	SRos	RWE Npower
Stuart Waudby	SW	Centrica Storage Ltd
Tim Davis	TD	Joint Office
Yasmin Sufi	YS	ENI UK

**1. Status Review**

**1.1. Minutes from July Workstream Meeting**

The minutes were accepted.

## 1.2. Review of Outstanding Actions

Appendix A provides a tabular summary.

**Action TR1045 was closed.** NG NTS has concluded in their Winter Outlook Report that blending at Bacton is not feasible for 2006/7 and it has published a technical report.<sup>1</sup>

**Action TR1046 was carried forward.** NG NTS (DA) explained there was consideration of developments for TPCR with a potential licence obligation for transfer of System Entry Capacity. It may, at some stage, be appropriate to consider results from previous auctions.

**Action TR1047 was closed.** A process flow chart provided by NG NTS 'Application Storage Curtailment Compensation Quantity Methodology' was made available with the agenda for this meeting. Any other aspects may be dealt with through the Transmission Operational Forum.<sup>2</sup>

## 1.3. Review of Workstream's Modification Proposals and Topics

*The Modification Status Report was updated*

Further to the status report available with the agenda: -

0093 Amendment of Interconnector UK's Meter Flow Rates – Final Modification Report was issued 31 July.

0098/0098a Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology – the Alternative Proposal was received 26 July and this highlighted that the original Proposal contained not only matters of governance, but also a proposed change to the Methodology.

0100 Amendment to OPN/SFN Submission Times – was raised by NG NTS 1 August – see item 2.3 below.

0101 Amendment to Demand Forecasting Timings in Relation to the Gas Balancing Alert – was raised by NG NTS 1 August – see item 2.2 below.

*The Topic Status Report was updated*

- 003TR NTS Exit Capacity Ofgem (AP) gave an update on Enduring Offtake Working Group meetings of 12 and 26 July. Following from the NG NTS presentation on constrained Flexibility Product definition, an AEP workgroup alternative was developed, based on submitted OPNs and pay as bid auction to allocate flex. For the AEP alternative 3 options had been identified and discussed: -

1. Full auction with a reserve price of zero if there was no constraint. (There was, however, concern about complexity and cost of this option),
2. Auction only when constraints arose for incremental flexibility above long-term rights. This would involve OPN submission, acceptance until a constraint might arise, then NG NTS rejection, then OPN resubmission, and if a constraint was still apparent, rejection followed by auction.
3. OPN flat capacity providing implied flexibility rights, giving a hierarchy of rights.

RWE (SROs) had provided a paper on an issue and potential refinement of Option 2. An operator may have committed to operating to its OPN and then have it rejected by NG NTS. A potential solution would be to apply an overrun mechanism, following

<sup>1</sup> <http://www.nationalgrid.com/uk/Gas/TYS/outlook/>

<sup>2</sup> <http://www.nationalgrid.com/uk/Gas/OperationalInfo/operationsforum/>

the declaration of the constraint, and use system balancing tools to manage the potential constraint, with a final resort of declaration of some form of Emergency.

The next EOWG meeting would be 9 August and would focus on how much flexibility to release in auctions. BG observed there was much work to do on different options before a UNC Modification Proposal would seem appropriate. A further meeting would be 23 August.

- 004TR Emergency Arrangements – There was no change other than an update from Ofgem’s Demand Side Working Group (DSWG) meeting of 2 August – see item 3.1.1 below.

There were no other updates.

#### 1.4 Update from Transmission Operational Forum of 12 July

Further to the materials available on NG NTS web site<sup>3</sup>, JB reported that the most significant matter was management of constraints arising from planned maintenance of No 7 Feeder in early July. The Workstream received a presentation from NG NTS and this was discussed – see item 4.1 below.

## 2. Modifications

### 2.1 Proposal 0097 “Modification to release aggregated ex-post information for pipeline interconnector offtake flows” proposed by EON UK.

EON UK (CS) gave a presentation that provided a high level outline of the Proposal and EON’s responses to points raised on 20 July when Panel allocated it to this Workstream. Further to the slides, CS stated that, when contacted, IUK and Bord Gais had no issue with the information release. CS emphasised that EON UK was seeking to secure a quick low cost incremental improvement towards a level playing field of information available to UNC shippers – other parties had opportunity to seek a broader scope if they wished. CL stated that NG NTS has sought a preliminary assessment on costs: web publication (available to consumers) might cost £50k-£150k, but a change to Gemini (UNC Users only) might be simple. SROs questioned why web publication of a single data item each day could not be achieved at low cost. CL indicated NG NTS would seek clarification and more certain assessment of costs and lead-time.

**Action TR1048** NG NTS (CL) seek confirmation of information requirements for IT and likely costs and lead-time if Proposal 0097 were to proceed to implementation.

In order to capture further discussion and provide feedback to Panel, a Workstream report was developed, and was to be made available in parallel with these minutes. There was consensus to recommend to Panel that the Proposal was sufficiently developed to proceed to consultation.

DC observed that there seemed to be some merit in making flow information available for all NTS Exit points and suggested that piecemeal development may be less efficient, but a broad scope may mean winter 07/08 to be a realistic timeframe.

### 2.2 Proposal 101 “Amendment to UNC Demand Forecasting timings in relation to the Gas Balancing Alert (GBA)” proposed by National Grid NTS “Amendment to the OPN and SFN Submission Times”

NG NTS (CL) gave a presentation that outlined the current arrangements for Gas Balancing Alerts (GBAs) and the changes put forward in Proposal 101: (the presentation had minor corrections to the previously circulated copy). There were two elements to the Proposal: Firstly, UNC obligations could be changed to match the prevailing operational practice of three D-1 demand forecasts, and five within day demand forecasts (thus providing an additional UNC obliged demand forecast for both

<sup>3</sup> <http://www.nationalgrid.com/uk/Gas/OperationalInfo/operationsforum/>

D-1 and within day). The second element proposed was extension of D-1 GBA trigger to include ad-hoc demand forecasts. In response to a query, CL confirmed that the intention was to provide more opportunities for D-1 GBAs since D-1 was the time horizon that GBAs were originally developed for. There was also an intention to provide an SMS (i.e. mobile phone text message) GBA service on request - introduced in October 2006 if possible. There was no element in the proposal to change within day GBAs, thus the single 25 MCM/day supply loss criteria would remain. CL also explained that the intention was for the Proposal to be considered at the scheduled August Panel i.e. 17th. There was some debate as to whether GBAs might become more frequent and CL felt they would not, but there would be earlier opportunity to issue a GBA.

**Action TR1049** NG NTS to consider minor revision of Proposal 101 to reflect scheduled August Panel date and clarity that it would only be D-1 GBA triggers affected and demand had to exceed supply.

Subject to completion of this action, there was consensus to recommend to Panel that the Proposal was sufficiently developed to proceed to consultation.

### **2.3 Proposal 100 “Amendment to the OPN and SFN Submission Times” proposed by National Grid NTS**

NG NTS (CL) gave a presentation that set out the current arrangements, the case for change (likely Ofgem incentive on NG NTS to improve accuracy of D-1 Total System forecast at 14:00 hours), and the proposed change to define OPN/SFN initial submission times for NTS exit points within the UNC as 12:00 hours, (rather than the present D-1 17:00 hours).

SROs observed that information in the form of DM nominations were already available at 12:00 hours, to which CL responded that OPNs / SFNs had been found to be more reliable. SW observed that if the initial SFN submission was D-1 12:00 hours there would be a long period before the next obliged submission. Also SW, affirmed that Centrica Storage Ltd provided SFN information based on Storage User Noms and not any unsubstantiated view of storage flows. The former were not likely to be accurate at D-1 12:00 hours. DC vehemently expressed concern that NG NTS had not adequately taken account of impact on downstream processes at Interconnectors for the production of accurate OPNs. Much work had been carried out and systems developed for this which would need unpicking /revisiting. He also recommended that recent work on EU interoperability should be taken into account. DC asserted that Interconnector OPNs had a track record of 1-2% accuracy and earlier OPNs would be less accurate and fail to assist the objective of more accurate Total System demand forecasts, especially with the proposed implementation timescale. JC echoed this concern in respect of the power generation sector. JC observed that 25 August was the close out date for representations to Ofgem about its proposed new SO incentives, elements of which seemed to be driving NG NTS to bring forward Proposal 101.

JC enquired about the timescale for electronic transmission of OPNs.

**Action TR1050** NG NTS (CL) to provide an update on the timescale for electronic transmission of OPNs.

Regarding DN OPNs, CL reiterated that the intention was for OPNs from DN connected loads to be included (captured in the Proposal under “Network Exit Provisions”) and indicated, in response to a query from SROs, that the proposal did not seek to change DN OPN submission times (as set out in the Offtake Arrangements Agreement).

Whilst clearly there were strong concerns about the potential implementation of the proposal, there was consensus to recommend to Panel that the Proposal was sufficiently developed to proceed to consultation.

### **3. Discussion of Topics**

#### **3.1. Topic 004TR Emergency Arrangements**

##### **3.1.1 Update from Ofgem on 2 August Demand Side Working Group meeting**

Ofgem (HC) updated the Workstream on Ofgem's Demand Side Working Group meeting of 2 August stating that it was well attended and presentations were available on Ofgem's web site<sup>4</sup>. Relevant to this Workstream was an explanation of NG NTS demand forecasting, a status report on new SO information incentive proposals, explanation behind the rejection of Proposal 0086 on gas demand reserve, a status report on Proposal 0088 and how this might facilitate improved demand side response information for winter 07/08, and interest from large consumers regarding the information release that Proposal 0097 could provide, albeit only to shippers. Also, Ofgem had also indicated its intention to consult this summer on its initial views for winter 07/08 reserve arrangements, with follow up in the autumn on this consultation.

### **4. Other Business**

#### **4.1 Entry Capacity Buy Backs Feeder 7 Shutdown July 2006**

NG NTS (DA) gave a presentation (building on that given to Transmission Operations Forum on 12 July) that outlined the scheduled shutdown of Feeder 7 in order to tie in a new pipeline, the background that led to Teesside and St Fergus constraints, the make up of the ~£28m costs incurred, and a resume of code rules regarding Entry Capacity Neutrality. DA emphasised that NG NTS were examining the experience carefully, noting the financial impact for Users and NG NTS. One feature was buy-back prices of 10p/kWh compared to previous historical high of 0.6p/kWh. SROs felt that the UNC may not be clear, for example as to whether smeared costs would be applied to aggregation of all or just affected ASEPs. DA stated there had been no change in the way such smeared costs were applied, and NW recalled this was consistent with the original intent of the capacity buy back mechanism. NW enquired whether NG NTS had observed any change in aggregate nominations at St Fergus during the constraint. DA stated that NG NTS intended to raise a Topic for the September Workstream and would invite views on UNC rules that might facilitate lower costs for constraint management. Ofgem had already invited views at the Transmission Operations Forum regarding the July constraints.

**Action TR1051** NG NTS (DA) to raise a Topic "Review of Constraint Management Process" at September Workstream.

### **5. Diary Planning**

Date: Thursday 7th September 2006

Start Time: 10:00 am

Venue: Elexon, 350 Euston Road, London

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<sup>4</sup> <http://www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/wholesalemarketmonitoring/wholesalemarketmonitoring01>

### Appendix A Action Log – UNC Transmission 4 August 2006

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
TR 1045	6/4/06	3.2.2 Topic 004TR	Further to Ofgem Winter to Date seminar 22-Mar-06, provide an update on the potential for blending services at Bacton.	National Grid NTS (RH)	<b>Closed</b> Information published in Winter Outlook by NG.
TR 1046	4/5/06	3.2.1 Topic 008TR	give consideration to previous auction results as a potential indicator of capacity transfer that might be facilitated by a mechanism based on the optimisation strawman.	National Grid NTS (PR)	<b>Carried forward.</b> NG NTS internal consideration in the context of TPCR discussions.
TR 1047	6/7/06	3.2.1 Topic 004TR	address shipper queries on the operation of its Storage Curtailment Compensation Arrangements spreadsheet and process	National Grid NTS (JM)	<b>Closed</b> Process flow chart circulated with agenda, follow-up at Transmission Ops if necessary.
TR 1048	3/8/06	2.1	seek confirmation of information requirements for IT and likely costs and lead-time if Proposal 0097 were to proceed to implementation	National Grid NTS (CL)	
TR 1049	3/8/06	2.2	consider minor revision of Proposal 101 to reflect scheduled August Panel date and clarity that it would only be D-1 GBA triggers affected and demand had to exceed supply.	National Grid NTS (CL)	
TR 1050	3/8/06	2.3	provide an update on the timescale for electronic transmission of OPNs.	National Grid NTS (CL)	
TR 1051	3/8/06	4.1	raise a Topic "Review of Constraint Management Process" at September Workstream	National Grid NTS (DA)	

\* Key to initials of action owners

PR – Paul Roberts, RH – Ritchard Hewitt, JM – Jay Munbodh, CL - Chris Logue, DL – Dave Adlam